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R. Lehman
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Paper 5A1

1. This discussion of management problems in the Community must begin with some concepts drawn from the papers that precede it. First among these concepts is function: What is management supposed to do? Second is control: What are the tools available to management? Third is the nature of the Community: What is management supposed to manage? Fourth is national intelligence: What is the whole business all about?

a. Function. For the purpose of this paper six functions are postulated: collection, processing, production, R&D, support, and action. Of these collection and production are primary, and for ease in analysis the appropriate slices of processing, R&D, and support can be allotted between them. Action is a special case and is discussed elsewhere in this study.

b. Control. Controls can be direct or indirect. Direct control of course means line authority. For intelligence, we have identified four possible instruments of indirect control: resources, including manpower, money, and--peculiar to intelligence--cover; collection management, by which we mean the allocation

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of collection resources to substantive problems, tasking and requirements, and the continuing review and assessment of collection results; substantive judgment, which can take the form of either of a final shaping of the intelligence product to match the needs of the national consumer or of a continuing review of the product against those needs; and inspection.

c. Nature of the Community. "The Community" is usually thought of as the membership of USIB, but we have suggested that this question is more complicated. For analysis again it is convenient to think of three communities, each with a few primary members and several peripheral ones. The community of primary collectors includes State/Foreign Service, NSA, NRO, DIA/Attache service, FBI, CIA/DDO, CIA/FBIS, and CIA/OEL. The community of primary producers includes State/INR, DIA/DI, CIA/DDI, and OSI. The community of primary consumers consists of the President, the NSC, its subcommittees and its staff, and other senior officers of State, Treasury, Defense and the military services. (It also includes the DCI in his capacity as adviser to the President).

d. National Intelligence is here defined simply as that foreign intelligence needed by the

consumer community to do its job in making policy. (NSCID #1 defines it as intelligence that transcends the concern of any single department or agency and that is fully coordinated among all of them; while this remains on the books for bureaucratic reasons, it is no longer a particularly useful concept).

2. It is apparent that the DCI is a member of all the three communities suggested above. It is also apparent that he wears three hats--as Presidential adviser, as head of "the Community" (Chairman of USIB, IRAC, and EXCOM), and as Director of CIA--but his hats by no means correspond fully with the three functional communities. Moreover, he has responsibilities to the Congress that represent another complicating factor. (While the DCI's Congressional responsibilities are discussed elsewhere, they are introduced here because they are closely related to his Executive roles).

a. The DCI as Presidential adviser. In this capacity he is the primary source of national intelligence for the President and the NSC. He personally advises the President and the NSC on all intelligence matters, including budget, and serves on the various NSC sub-Committees. If the President

wishes, the DCI can also advise on broader foreign policy matters. He has no Congressional responsibilities.

b. The DCI as head of the Community. This DCI is the primary source of coordinated foreign intelligence to the federal government and is its senior intelligence adviser. He coordinates all foreign intelligence activities and regulates to varying degrees administrative and operational matters concern more than one agency. He advises OMB on the Community budget. For the Congress, he provides coordinated intelligence, defends the Community budget, and advises on all foreign intelligence matters.

c. The DCI as Director of CIA. As DCIA, the DCI is a line officer administering a large independent agency under the NSC. He is a producer of intelligence for the mechanisms over which he presides wearing his other two hats. He is a agent of the President, or the NSC, in the conduct of foreign policy through covert action and confidential communication with foreign governments. For the Congress, this DCI too is a source of foreign intelligence. It expects him to present and defend CIA's budget, and to account for its

performance. He is required to inform the Congress of covert action programs; whether he will have to defend them is not yet established.

3. In terms of the controls we have identified, the DCI has direct or line control only over those elements of the collection and production communities which are parts of CIA. His power to use indirect controls is at best limited.

a. In the resource field his nominal authority to advise is weakened by his inability to acquire information, and by the relative strength of the DOD.

b. In collection management, the DCI has no single mechanism cutting across systems. As head of "the Community" he has a set of USIB Committees, developed ad hoc and operating independently, to administer individual systems. They range from COMIREX, which is elaborately developed and in which he has strong influence, to Human Sources, which is rudimentary and through which his influence over Foreign Service reporting is almost nil. It should be noted also that important collection management decisions are often made outside even this structure, in IRAC, in EXCOM, between individual producers

and collectors, or by individual system managers acting on their own.

c. The DCI's authority in product review, defined either way, is more fully established than in any other field, probably because it was so clearly the intent of the 1947 Act to give him this power. He exercises it through USIB's consideration of National Estimates, through the less formal procedures of current intelligence, and through his participation in the NSC and its sub-Committees.

d. The DCI has never asserted, much less exercised, the right to inspect intelligence agencies other than CIA, although such a right is implicit to varying degrees in the basic statutes directives.

4. The point has been made elsewhere that the Act of 1947 is inadequate for the management of national intelligence operations so complex and so expensive, and will be even less adequate for controlling the interaction of these systems in near-real time. Moreover, existing machinery is so encrusted with the scars of old bureaucratic wars as to make it inflexible in meeting new challenges.

5. The Schlesinger study wrestled with these problems in 1970-71, with two stated objectives: saving money and improving the product. It analyzed several altered

structures for the community, some quite radical, in terms of the bureaucratic equities involved. The President's letter of November 1971 ultimately selected the least traumatic of these options, one that might be characterized as "status quo plus". The DCI was to go on wearing all three hats, and was to receive limited additional powers in the resource field. He was to have a larger staff for managing the Community, and devices were to be created by which the assessment of senior intelligence consumers could be brought to bear on the product.

6. Whether under Helms, who sought and received Congressional permission to ignore the more difficult aspects of the President's letter, or under Schlesinger, who set about to implement the plan he helped to write in a manner that set his newly formed Community staff in bitter opposition to his own CIA, or under Colby, who has been so involved in dealing with the shambles he inherited that he has never had time--or inclination--to confront the problem, the letter changed no power relationships and therefore solved nothing. And to the two objectives cited by Schlesinger recent events have added two more: to build an effective set of internal and external controls and to develop a public confidence in their effectiveness that will permit intelligence to function.

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7. If the management of the Community was seen as less than adequate in 1971, it is even less so relative to its problems today:

--The DCI as Presidential adviser is physically and psychologically removed from the President he is supposed to advise. The budgetary authority he has been given is only advisory and stands up badly against the weight of the DOD.

--His position as head of the Community is meaningless in the absence of the stronger position that a closer Presidential relationship would give him. It is effective only within the USIB structure, where dissents are institutionalized. The lines linking him to, or defining his powers relative to, the three functional communities are tangled indeed.

--As Director of CIA he has line authority but has too many responsibilities beyond CIA to give it proper attention. (The structure of CIA itself is such that no DCI has yet found it possible to delegate in any meaningful way to his Deputy.) Moreover, the Schlesinger experience showed the impossible situation

created when a DCI as head of the Community seeks to move in a direction antagonistic to his interests as DCIA.

That it is a truism makes it no less true that the present DCI has responsibility without commensurate authority.

8. If radical surgery could be at least contemplated in 1971, it can be the more so now. In its subsequent sections this paper will address particular organization and management problems. It will be most effective, however, if it does so against some understanding of what changes in structure are possible. If the DCI is not to wear all three hats, which one shall he--or they--wear? There are three arrangements to be considered: a DCI primarily a Presidential adviser, but who also heads the Community, with a separate DCIA; a separate Presidential adviser, with strong budgetary powers, and a DCI heading the Community and CIA, three officers each holding one of these jobs. (The other theoretically possible arrangement, DCI as Presidential adviser and DCIA, with a separate head of the Community, seems quite unworkable). Intertwined with the "Hat question" are four others. What elements should a DCI who is not DCIA control directly? e.g. should he retain line authority over what are now CIA's production offices? Should the

structure take account of the existence of two or even three "communities," none fully coinciding with the present USIB? How are the authorities of budget, collection management, substantive judgment, and inspection to be exercised, and by whom? In general, how to reconcile the strong DCI required by sensible management with a public opinion resistant to the idea of strong intelligence organizations?